



January 17, 2018

Senator Saviello
Representative Tucker
Members of the Joint Standing Committee on Environment and Natural Resources

Wine Institute Comments in Support of LD 1703, "An Act to Create Equity for Wine and Spirits Container Deposits"

Wine Institute is a trade association of over 1,000 California wineries and affiliated suppliers dedicated to advocating for the responsible consumption and enjoyment of wine. While we continue to oppose the inclusion of wine bottles in state container deposit laws, we support Representative Espling's and her cosponsors' efforts to bring wine and spirits containers into parity with other containers in the returnable deposit law.

Wine Institute, like Maine, is committed to environmental stewardship. Through our Sustainable Winegrowing Program, we provide California vintners and growers with information on how to conserve natural resources, protect the environment and enhance relationships with employees, neighbors and local communities. Wine Institute supports efficient and cost-effective mechanisms to increase the recycling of wine bottles such as comprehensive curbside recycling programs which are much more cost effective in increasing the recycling rate for wine bottles than deposit laws.

A deposit fee is essentially another consumer tax. The existing \$.15 deposit fee per wine bottle significantly increases the price of wine for Maine consumers. Additionally, the high cost of complying with Maine's returnable container law is also passed on to Maine wine consumers.

Maine's current bottle bill is both costly and burdensome. Wine Institute estimates that including wine bottles in Maine's returnable beverage container law already costs wineries in excess of a million dollars per year. These costs are passed along from winery to wholesaler to retailer and ultimately to Maine wine consumers.

As you know, Maine and Iowa are the only two states that include wine bottles in their bottle redemption laws. Iowa imposes a **\$0.05** deposit on wine bottles. Including wine bottles in the Maine deposit law forces instate wholesalers to open each case of wine to

place a Maine \$.15 redemption sticker on each bottle before the wine goes to retailers. Wineries pay wholesalers to perform this function.

In addition to the extremely high costs involved in "stickering" wine bottles, Maine has an overly burdensome licensing scheme. Maine is the only state in the country that requires a duplicative registration system for wineries.

The winery first registers with BABLO as the Certificate of Approval Holder (COA) for a cost of **\$1,000** and to then it submits all of its labels to BABLO for individual approval at a cost of **\$10.00** per label. The winery must also register with Department of Environmental Protection. Either the winery or the distributor must register with the DEP as the initiator of deposit at a cost of **\$500**. Additionally, each wine label must again be registered. This time with the DEP for an additional **\$1.00** per label fee! This duplication of registration requirements and fees is an added compliance cost for wineries. Again, these added costs are passed on to Maine consumers.

It is worth mentioning, that some small and midsize wineries simply forego selling wine in Maine through the traditional three tier system. Hence, Maine wine consumers either pay more for their wine or they are forced to buy it elsewhere.

Wine Institute urges your unanimous support of LD 1703, "An Act to Create Equity for Wine and Spirits Container Deposits"

Respectfully,

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Wine Institute